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C O N F I D E N T I A L PRAGUE 001502

SIPDIS

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TAGS: [PREL](#) [ETTC](#) [EZ](#) [IR](#) [ERTD](#)

SUBJECT: NEWS REPORTS OF IRAN TRADE EMBARGO NOTHING NEW TO CZECHS

REF: PRAGUE 000183

Classified By: Political Officer Scott Harney for reasons 1.4 b+d

1. (SBU) A Reuters press report on October 20, which claimed that Iran has stopped the imports of goods from the Czech Republic, Britain, South Korea and Argentina, was not new news to the Czech government. According to the Reuters report, the Iranians imposed the trade embargo in an effort to punish the countries for their negative position on the Iranian nuclear program. However Pavel Mrazek, Iran desk officer for the Czech Ministry of Foreign Affairs, said that this is nothing new and noted that the Iranians imposed an informal embargo on Czech companies several years ago. Mrazek said that since this time, the only Czech companies which could do business in Iran were those that had been specifically identified by the GOI as offering products the government needed. Other Czech companies would have their goods stopped at Iranian customs and no letters of credit issued to them. Mrazek called it less of an embargo and more of a harassing technique. Although the Czechs do not see the latest news on an embargo as something new, they have called the Iranian Charge d'Affaires to the Ministry, hoping that he can explain the reasons for the latest announcement.

2. (C) Per reftel, trade relations between the Czech Republic and Iran have been strained since 1998, when Prague-based Radio Free Europe/Radio Liberty launched its Farsi service, Radio Farda. Trade relations worsened in 2000 after the Czech Parliament, at the request of the US and UK, used emergency legislative powers to push through a piece of legislation that prevented a Czech firm from supplying air conditioning equipment to the Bushehr nuclear power plant. Czech businesses have recently put pressure on the GOCR, particularly the Ministry of Trade and Industry and the MFA, to improve trade ties with Iran. The Czechs have discussed the possibility of rescinding the 2000 law as a conciliatory gesture to Iran, however the Foreign Ministry insists that this is not on the agenda. Ministry of Trade officials suggest that the recent imposition of an embargo on the UK and South Korea, if true, may actually help the Czechs, as they now have stronger allies with which to face the Iranians on trade issues.

CABANISS